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a true copy from the records
of the Bureau of Conveyances,

ALA MOANA

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Kitten
Registrar of Conveyances
Assistant Registrar, Land Court
State of Hawaii

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AFTER RECORDATION, RETURN TO:

ALOHA TITLE CO., INC.

16421, 115
COUNTY CLERK, REGISTRAR

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TAX MAP KEY 6-8-11-07

SPACE ABOVE THIS LINE FOR REGISTRAR'S USE

MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

THIS MORTGAGE made this 28th day of June

1982, by RICHARD JOHN BLANGIARDI, husband of Kathleen M. Blangiardi, whose residence and post office address is 978 Waiohinu Drive, Honolulu, City and County of Honolulu, State of Hawaii,

hereinafter called the "Mortgagor" in favor of GECC FINANCIAL CORPORATION, a Hawaii corporation, whose principal place of business and post office address is 700 Bishop Street, Honolulu, City and County of Honolulu, State of Hawaii,

hereinafter called the "Mortgagee";

WITNESSETH:

That the Mortgagor, for and in consideration of the sum
of FORTY FIVE THOUSAND AND NO/100 DOLLARS

(\$ 45,000.00), lawful money of the United States of America, loaned and advanced to the Mortgagor by the Mortgagee, the receipt of which is hereby acknowledged, and in order to secure the repayment thereof, according to the terms and conditions of the Mortgagor's promissory note herewith, and any and all extensions, renewals, modifications, or amendments thereto, and to secure the performance and observance by the Mortgagor of all covenants, conditions, and agree-

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ments on its part to be observed and performed hereunder, or in any related document or documents, and also in consideration of any other sum or sums that may hereafter be advanced or paid to or on account of or become owing by the Mortgagor to the Mortgagee, does hereby grant, bargain, sell, assign, convey, and deliver unto the Mortgagee, the Mortgagee's heirs, executors, administrators, successors and assigns, all of the property described in Exhibit "A", attached hereto and made a part hereof, subject to any encumbrances which may be noted therein; together with all tenements, hereditaments, and appurtenances thereunto belonging, all easements, rights of way or water rights used in connection therewith, and all shares of stock evidencing any such rights, all improvements now or hereafter located thereon, and all other property now or hereafter in any manner physically attached or affixed to such land or any such improvements, and replacements of such property or additions thereto, all of which are, and shall be deemed to be, fixtures, a part of the interest in said property and a portion of the security for the indebtedness secured hereby; and together with the reversions, remainders, rents, royalties, issues, revenues, income, profits, proceeds, and other benefits thereof, and all of the estate, right, title, and interest of the Mortgagor, both at law and in equity, therein and thereto.

TO HAVE AND TO HOLD the same unto the Mortgagee, the Mortgagee's heirs, executors, administrators, personal representatives, successors and assigns, forever as to all property conveyed in fee simple, and as to leasehold interest in real property, for the unexpired residue of the term of said lease.

AND the Mortgagor hereby covenants with the Mortgagee as follows:

(1) Mortgagor is lawfully seized in fee simple of the property described in said Exhibit "A" (or has such other estate as has been stated herein) and has good right to grant and convey the same as aforesaid; said property is free from all encumbrances, except as aforesaid; and the Mortgagor will and the Mortgagor's heirs, executors, administrators, and personal representatives shall, warrant and defend the same unto said Mortgagee and its successors and assigns forever, against the lawful claims and demands of all persons;

(2) Mortgagor will pay, or cause to be paid, the aforesaid sums together with interest thereon according to the tenor of said promissory note in favor of the Mortgagee, said note being hereby secured and by reference made a part hereof, or any renewals thereof; and will pay all other sums that may hereafter be advanced or paid by the Mortgagee to or for the account of the Mortgagor or be owing by the Mortgagor to the Mortgagee, together with interest thereon until paid;

(3) Mortgagor will, until all obligations secured hereby are fully paid, also pay, or cause to be paid, before they become due all taxes, assessments, and charges of every kind, to whomsoever assessed or chargeable, whether on the mortgaged property or any interest therein, or with respect to any improvements thereon, without any allowance or deduction whatsoever on account thereof from

any amount due under or secured by this mortgage; and will upon request deposit the receipt therefor with the Mortgagee;

(4) Mortgagor will in the name and for the benefit of the Mortgagee keep all improvements on said premises insured, in an amount equal to the full insurable value thereof, against fire and also against loss, destruction and damage by any hazard, casualty, flood, and contingency which may be procurable and as the Mortgagee may require, in such manner and form as the Mortgagee shall designate, it being understood that the Mortgagor shall have all rights of designation of the insurance company which shall carry such insurance as provided by the laws of the State of Hawaii, and will pay the premiums therefor and deposit the policies with the Mortgagee, it being agreed that the proceeds of insurance shall be applied by the Mortgagee, at its option, either to rebuilding or repair of damage, or in reduction of any indebtedness hereunder; and if the Mortgagor shall procure any other insurance thereon, all such insurance shall likewise be made payable to and be claimable only by the Mortgagee, and whether so made payable or not it may be recovered by the Mortgagee by any appropriate proceeding and be similarly applied;

(5) And, if all or any portion of the mortgaged premises consists of a leasehold, the Mortgagor will pay the rent reserved by said lease and will observe and perform all of the covenants and conditions therein contained and on the part of the lessee therein to be observed and performed, and will indemnify and keep indemnified the Mortgagee and its successors and assigns, against all claims, demands, costs, damages, counsel fees and expenses by reason of any failure to pay said rent or breach of any covenant or condition therein contained or breach of this covenant;

(6) The Mortgagor will keep the mortgaged property in good condition and state of repair, and will permit the Mortgagee, and its employees and agents, to enter and inspect the mortgaged property, and will comply with all laws, rules, and regulations made by governmental authority and applicable thereto, and will not commit or suffer any strip, waste, or any unlawful, improper or offensive use of said property, or any other act or negligence whereby the same or any interest therein shall become liable under any lien or to seizure or attachment on mesne or final process of law, in bankruptcy or otherwise, or whereby the security shall be threatened or impaired;

(7) That in case of condemnation of the mortgaged property or any part thereof by paramount authority, whether or not the Mortgagor shall be in default hereunder at the time, any portion or all of any condemnation award to which the Mortgagor shall be entitled is hereby assigned to the Mortgagee and the Mortgagee is hereby irrevocably authorized to demand, sue for, collect, receive and receipt for the same and apply the net proceeds of the same toward the payment of the indebtedness secured hereby, including all advances, costs, expenses and attorney's fees made, paid or incurred by the Mortgagee in conjunction with such condemnation, any sum in excess of said indebtedness to be paid by the Mortgagee to the Mortgagor;

(8) That upon failure of the Mortgagor to observe or perform any covenant or condition of this mortgage, or if any suit, proceeding or other contingency shall arise or be threatened relating to any of the mortgaged property, the Mortgagee may at the option of the Mortgagee, without notice or demand, make any advances or incur such expenses or otherwise act as may in the judgment of the Mortgagee seem advisable to protect the security of the Mortgagee hereunder or carry out the covenants of the Mortgagor herein, even though any tax, assessment, rate, encumbrance or other charges advanced and paid in such behalf by the Mortgagee shall be invalid, and such advances shall bear interest at the maximum interest rate provided by law, and such advances together with such interest shall be paid by the Mortgagor to the Mortgagee upon demand, and shall be additional charges upon the mortgaged property and be equally secured by this mortgage;

(9) That in the event that any of the property subject to this mortgage is sold by way of a Deed, Assignment of Lease, Agreement of Sale, Sub-Agreement of Sale, or other like conveyances, or in the event that the Mortgagor grants an option to purchase the property subject to this mortgage, or a portion of same, the Mortgagee shall have the immediate right to receive and collect all moneys and funds due or accrued or to become due therefrom whether such moneys or funds be categorized as initial deposit, down payment, installment payments, final payment, option money, or otherwise, and said moneys and funds are hereby assigned to the Mortgagee, and said Mortgagee is hereby irrevocably appointed the attorney-in-fact of the Mortgagor with power in the name of the Mortgagor or Mortgagee to demand, sue for, collect, recover and receive all such moneys and funds upon such terms and conditions as may seem proper, and any delay or failure on the part of the Mortgagee to demand such payment shall not prejudice the rights of the Mortgagee thereto;

(10) That if any of the property subject to this mortgage shall be conveyed or assigned (whether by way of Deed, Assignment of Lease, Agreement of Sale, Sub-Agreement of Sale, or other conveyance) by the Mortgagor to any other party, then, unless the Mortgagee shall in writing consent to the same or accept the written undertaking of the purchaser to assume and discharge all obligations of this mortgage, all of the indebtedness hereby secured shall at once become due and payable at the option of the Mortgagee (any provision or term thereof to the contrary notwithstanding), and delay or failure on the part of the Mortgagee to demand such payment shall not prejudice the rights of the Mortgagee thereto;

(11) That the records of the Mortgagee shall be prima facie evidence of all sum owing by the Mortgagor to the Mortgagee and all of advances made or expenses incurred by the Mortgagee under the terms of this mortgage.

PROVIDED, HOWEVER, that if the Mortgagor shall pay all obligations, hereby secured and otherwise well and faithfully perform and observe all of the covenants and conditions herein contained, and in all related document or documents, then this mortgage shall become void.

AND the Mortgagor hereby further covenants with the said Mortgagee as follows:

- (1) That should any suit or action be commenced to foreclose any prior or subsequent mortgage or lien, or should there be a serious impairment or jeopardy, or threat thereof, to the mortgaged property, as solely determined by the Mortgagee, then the whole of the principal sum secured hereby, interest, and all other sums shall immediately become due and payable in full at the option of the Mortgagee;
- (2) That the Mortgagee shall have the right and is hereby expressly authorized to apply any payments received and any rents, royalties, issues, revenues, income, profits, and proceeds collected upon any indebtedness of the Mortgagor to the Mortgagee hereby secured, or upon any obligations hereby secured, and any such application shall in all respects be binding upon the Mortgagor;
- (3) That wherever the Mortgagee is in this instrument given the option to accelerate the maturity of this mortgage debt, the Mortgagee may, to the extent permitted by law, do so without notice or demand to or upon the Mortgagor, except as otherwise specifically provided herein;
- (4) That the cessation of the Mortgagor's interest in all or part of the premises by reason of sale or otherwise shall not affect the Mortgagor's liability under this mortgage or under any note, bond, or other obligation secured by this mortgage;
- (5) That if the Mortgagor herein or any maker, obligor, guarantor, or endorser of the promissory note or obligations secured hereby (a) files a voluntary petition in bankruptcy or (b) is adjudicated as a bankrupt or insolvent, or (c) files any petition or answer seeking or acquiescing in any reorganization, management corporation readjustment, liquidation, dissolution or similar relief for itself under any relief for debtors, or (d) seeks or consents to or acquiesces in the appointment of any trustee, receiver, master or liquidator of itself or of all or any substantial part of the mortgaged property or of any or all of the rents, royalties, issues, revenues, income, profits, and proceeds thereof; or (e) makes any general assignment for the benefit of creditors, or (f) makes an admission in writing of its inability to pay its debts generally as they become due; or (g) causes to be entered by a court of competent jurisdiction an order, judgment, or decree approving a petition filed against it, seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, state, or other statute, law or regulation relating to bankruptcy or insolvency, or appointing a trustee, receiver, or liquidator of the Mortgagor, maker, obligor, guarantor, or endorsers, or all of or any part of the mortgaged property, or of any or all of the rents, royalties, issues, revenues, income, profits, and proceeds thereof, without the prior written consent of the Mortgagee, then, and in any of such events, the whole of said principal sum, interest, and all other sums shall immediately become due and payable in full at the option of the Mortgagee;

(6) That to the extent permitted by law the rights and remedies provided for herein, or which the Mortgagee may have otherwise, at law or in equity (including but not limited to the right to damages by reason of the Mortgagor's failure to keep, observe and perform any of the covenants, conditions or agreements contained in this mortgage), shall be distinct, separate, and cumulative, and shall not be deemed to be inconsistent with each other, and none of them, whether or not exercised by Mortgagee shall be deemed to be in exclusion of any other, and any two or more of all such rights and remedies may be exercised at the same time;

(7) That if this mortgage shall be foreclosed, or if the Mortgagee is made a party to any other proceeding by reason of this mortgage, the obligation secured hereby, the mortgaged property, or otherwise, the Mortgagor agrees that to the extent permitted by law there shall be included in the computation of the indebtedness secured hereby the amount of a reasonable fee for the services of the Mortgagee's attorney in the foreclosure action or such other proceedings, as well as disbursements, costs, advances, allowances, and additional allowances provided by law;

(8) That, if the Mortgagor is a corporation, the Board of Directors of the Mortgagor has by proper corporate action, which has not been modified or revoked, duly authorized the execution and delivery of this mortgage by the officer or officers of the Mortgagor executing same, and the certificate of incorporation of the Mortgagor does not require a vote or the consent of the shareholders to authorize the execution and delivery of this mortgage;

(9) That the Mortgagor shall receive and hold the rents, royalties, issues, revenue, income, profits, and proceeds of the mortgaged premises as a trust to use the same to make the payments and perform its other obligations under this mortgage before applying the residue to its own use, subject, however, to the prior rights of the holder of the prior mortgage as set forth in the recorded prior mortgage, and upon demand of the Mortgagee, Mortgagor shall execute an assignment of rents to the Mortgagee;

(10) That on demand of the Mortgagee the Mortgagor will pay to the Mortgagee, together with and in addition to each of the monthly payments of principal and interest payable under the terms of the note secured hereby, a sum equal to the lease rents (if leasehold), taxes, assessments, charges, and hazard insurance premiums next due with respect to the mortgaged property or any interest therein and required hereby to be paid by the Mortgagor (all as estimated by the Mortgagee), divided, in each case, by the number of months to elapse before one month prior to the date when each such lease rent (if leasehold), tax, assessment, charge or premium will become delinquent, such sums to be held by the Mortgagee in trust to pay said lease rents (if leasehold), taxes, assessments, charges and premiums before the same become delinquent. All sums payable during any month pursuant to the terms of said note and of any other indebtedness secured hereby, and all payments payable as aforesaid shall be added together and the aggregate amount thereof shall be paid by the Mortgagor to the Mortgagee, first, to lease rents (if leasehold), taxes, assessments, charges of every kind and hazard insurance premiums, second, to interest on the in-

debtedness secured hereby, and third, to amortization of the principal of the indebtedness secured hereby; it being further covenanted and agreed by the Mortgagor that, if the total of the payments made by the Mortgagor to the Mortgagee with respect to lease rents (if leasehold), taxes, assessments, charges and hazard insurance premiums shall not be sufficient to pay all lease rents (if leasehold), taxes, assessments, charges of every kind and premiums on hazard insurance due with respect to the mortgaged property or any interest therein and required hereby to be paid by the Mortgagor when the same shall become due and payable, then the Mortgagor shall pay any amount necessary to make up the deficiency on or before the date when the payment of such lease rents (if leasehold), taxes, assessments, charges, and hazard insurance premiums shall be due; and it being further agreed that in the event that the entire indebtedness secured hereby shall be paid in full or this mortgage shall be foreclosed as herein provided, then and in any such event any balance remaining in the funds accumulated by the Mortgagee with respect to such lease rents (if leasehold), taxes, assessments, charges, and hazard insurance premiums, shall be credited to the account of the Mortgagor;

(11) That by accepting payment of any sum hereby secured after its due date, the Mortgagee shall not waive the Mortgagee's right to require prompt payment when due of all other sums so secured, or to exercise any legal rights the Mortgagee may have to collect any unpaid balance of said indebtedness. If the Mortgagee holds any additional security for any obligation secured hereby, the Mortgagee may enforce the sale thereof, at the Mortgagee's option, either before or contemporaneously therewith, or after the sale is made hereunder, and on any default of the Mortgagor, the Mortgagee may, at the Mortgagee's option, offset against any part of the indebtedness secured hereby.

(12) That without affecting the liability of any person, including the Mortgagor, for the payment of any indebtedness secured hereby, or the lien of this Mortgage on the remainder of the property for the full amount of any indebtedness unpaid, the Mortgagee is empowered as follows: The Mortgagee may from time to time and without notice (a) release any person liable for the payment of any of the indebtedness, (b) extend the time or otherwise alter the terms of payment of any of the indebtedness, (c) accept additional security therefor of any kind, including deeds of trust, security interest, or mortgages, (d) alter, substitute or release any property securing the indebtedness, (e) join in granting any easement or creating any restriction thereon, (f) join in any subordination or other agreement affecting this Mortgage or the lien or charge thereof.

BUT UPON DEFAULT in the performance or observance of any covenant or condition herein, or in any related document or documents, whether referred to herein or not, or in any promissory note or obli-

gations secured hereby, or in any document of documents securing the repayment thereof or collateral or related thereto, or executed in connection with the sums secured hereby, or of the terms of any other indebtedness hereby secured, or if the Mortgagor's interest in the real property covered by this mortgage is a leasehold estate and the Mortgagor fails to observe and perform any covenant or agreement contained in said lease, then, and in any of such events, the whole amount of all indebtedness owing by or chargeable to the Mortgagor under any provision of this mortgage or intended to be secured hereby, on any and every account, shall, at the option of the Mortgagee, and without notice, at once become due and payable, and with or without foreclosure, the Mortgagee shall have the immediate right to receive and collect all rents, royalties, income, issues, revenues, profits, and proceeds from the property hereby mortgaged, due or accrued or to become due, and said rents, royalties, income, issues, revenues, profits, and proceeds are hereby assigned to the Mortgagee and said Mortgagee is hereby irrevocably appointed the attorney-in-fact of the Mortgagor in the name of the Mortgagor or in the Mortgagee's own name to demand, sue for, collect, recover and receive all such rents, royalties, income, issues, revenues, profits, and proceeds, to compromise and settle claims for rent, royalties, income, issues, revenues, profits, and proceeds upon such terms and conditions as to the Mortgagee may seem proper, to enter into, renew or terminate leases or tenancies; and the Mortgagee may foreclose this mortgage by suit in equity with the immediate right to receivership upon ex parte order and without bond pending foreclosure, or as now or then provided by law, by entry and possession, or (with or without entry and possession) by advertisement and sale of the said property or any part thereof either as a whole or in parcels, together with all improvements that may be upon the property so sold, at public auction in the State of Hawaii, and may in the Mortgagee's own name or as the attorney-in-fact of the Mortgagor, for such purpose hereby irrevocably appointed, effectually convey the property so sold to the purchaser or purchasers absolutely and forever, and in the case of a lease, for the remainder of the term thereof; and any foreclosure shall forever bar the Mortgagor and all parties claiming under the Mortgagor from all right, title, and interest in said property at law and in equity; and out of the proceeds of any foreclosure sale the Mortgagee may deduct all costs and expenses of sale, foreclosure and/or suit, including a reasonable attorney's fees; may pay and discharge any prior lien on said property and/or advances made by the Mortgagee for the protection thereof or connected with this mortgage and retain or be awarded all sums then payable by or chargeable to the Mortgagor on every account, rendering to the Mortgagor the surplus, if any. If such proceeds shall be insufficient to discharge the same in full, the Mortgagee may have any other legal recourse against the Mortgagor and/or any other party liable therefor, for the deficiency. The Mortgagee or any person in its behalf may purchase at any foreclosure sale, and no other purchaser shall be answerable for the application of the purchase money. The Mortgagee shall have the right to enforce one or more remedies hereunder or any other remedy it may have successively or concurrently.

IT IS ALSO AGREED:

That upon the happening of any event entitling the Mortgagee to foreclose this Mortgage, or if the Mortgagee shall be served with garnishee process in which the Mortgagor, (or any of them, if there be more than one) shall be named as defendant, whether or not the Mortgagor shall be in default hereunder at the time, the Mortgagee may, but shall not be required to set off any indebtedness owing by the Mortgagee to the Mortgagor (or any of them, if there be more than one) against any indebtedness secured hereby, without first resorting to the mortgaged property and without prejudice to any other rights or remedies of the Mortgagee or the lien of the Mortgagee on the mortgaged property;

That in the event of a sale of said premises or any part or parts thereof under and by virtue of the provisions of this mortgage, the purchaser or purchasers thereof shall have immediate and peaceable possession of the same, and that if the Mortgagor shall remain in possession after the effective date of such sale, such possession shall be construed as a tenancy at sufferance only, giving unto the purchaser all remedies, by way of summary possession or otherwise, conferred by law in such case;

That the Mortgagor and any successor in interest to the whole or any part of the mortgaged property hereby waive diligence, presentment, demand and notice of dishonor, and consent to extensions of time, surrender or substitution of security, failure to apply deposit or other forbearance, without notice, with respect to any indebtedness hereby secured;

The Mortgagor upon request of the Mortgagee will, at the Mortgagor's expense, furnish to the Mortgagee annual financial and operating statements showing in detail the Mortgagor's financial status, assets and liabilities and the income and expenses with respect to the mortgaged property for the year, and in addition will furnish a profit and loss statement for the same period. All of such statements shall be certified to by the Mortgagor to be complete and correct and to fairly represent such assets, liabilities, income, expenses, profits and losses for the period. Such statements shall be furnished within 60 days from the end of each fiscal or calendar year of the Mortgagor, whichever is adopted by the Mortgagor. The Mortgagor will further be obligated to furnish such statements, at the Mortgagor's expense, at any other reasonable time as the Mortgagee may request the same.

That this mortgage shall secure any and all renewals or extensions of the whole or any part of the indebtedness hereby secured however evidenced, with interest at such lawful rate as may be agreed upon and any such renewals or extensions or any change in the terms or rate of interest shall not impair in any manner the validity of or priority of this mortgage, nor release the Mortgagor from personal liability for the indebtedness hereby secured.

IT IS ALSO AGREED that the following provisions shall additionally apply, where all or any portion of the mortgaged premises consists of a lease, sublease, or a leasehold interest:

(1) The Mortgagor will (a) promptly notify the Mortgagee in writing of any default by the Mortgagor in the performance or

observance of any of the terms, covenants or conditions on the part of the lessee to be performed or observed under said lease or of the occurrence of any event which, regardless of the lapse of time, would constitute a default under the lease; (b) promptly notify the Mortgagee in writing of the giving of any notice by the lessor under said lease of the default of the lessee thereunder in the performance or observance of any of the terms, covenants or conditions on the part of the lessee to be performed or observed under said lease and promptly cause a copy of each such notice given by the lessor to the lessee to be delivered to the Mortgagee; (c) if any of the indebtedness secured hereby remains unpaid at the time when notice may be given by the lessee under said lease of the exercise of any right to renew or extend the term of the same, promptly give notice to the lessor under said lease of the exercise of such right of extension or renewal; (d) in case any proceeds of insurance upon the mortgaged property or any part thereof or the proceeds of any award for the taking in eminent domain of the mortgaged property or any part thereof are deposited with any person other than the Mortgagee pursuant to the requirements of said lease, promptly notify the Mortgagee in writing of the name and address of the person with whom such proceeds have been deposited and the amount so deposited; (e) promptly, after the execution and delivery of this Mortgage, notify the lessor under said lease in writing of the execution and deliver a copy of this Mortgage to the lessor; and (f) promptly notify the Mortgagee in writing of any request made by either party to said lease to the other party thereto for arbitration or appraisal proceedings pursuant to the lease, and of the institution of any arbitration or appraisal proceedings, and promptly deliver to the Mortgagee a copy of the determination of the arbitrators or appraisers in such such proceeding;

(2) The Mortgagor will not surrender the lease mortgaged hereby or its leasehold estate and interest therein, nor terminate or cancel the lease, and will not, without the prior written consent of the Mortgagee modify, change, supplement, alter, or amend the lease either orally or in writing, and as further security for the repayment of the indebtedness secured hereby and for the performance of the covenants herein and in the lease contained, the Mortgagor hereby assigns to the Mortgagee all of its rights, privileges and prerogatives as lessee under the lease to terminate, cancel, modify, change, supplement, alter, or amend the lease, and any such termination, cancellation, modification, change, supplement, alteration or amendment of the lease without the prior written consent thereto by the Mortgagee shall be void and of no force and effect. So long as there is no breach of or default under any of the covenants or agreements herein contained to be performed by the Mortgagor or in the performance by the Mortgagor of any of the terms, covenants and conditions in the lease to be performed by the lessee thereunder, which breach or default shall have continued beyond the respective periods of grace, if any, provided under said lease and herein, the Mortgagee shall have no right to terminate, cancel, modify, change, supplement, alter or amend the lease mortgaged hereby. No release or forbearance of any of the Mortgagor's obligations as lessee under this lease, whether pursuant to the lease or otherwise, shall release the Mortgagor from any of its obligations under this Mortgage, including, but not by

way of limitation, the Mortgagor's obligations with respect to the payment of rent as provided for in the lease and the performance of all of the terms, provisions, covenants, conditions, and agreements contained in the lease to be kept, performed and complied with by the lessee thereunder. Unless the Mortgagee shall otherwise expressly consent in writing, the fee title to the premises demised by any lease mortgaged hereby and the leasehold estate thereunder shall not merge but shall always remain separate and distinct, notwithstanding the union of said estates either in the lessor or in a third party by purchase or otherwise;

(3) If the Mortgagor shall fail to perform any of the terms, covenants and conditions required to be performed and observed by the Mortgagor under the lease mortgaged hereby, or under this Mortgage, unless the Mortgagee shall be engaged in good faith by appropriate action diligently pursued in contesting or causing to be contested the existence of such default and the security afforded by this Mortgage shall not hereby be subjected to any sale, forfeiture or loss, or reasonable probability thereof, the Mortgagee may, but shall not be obligated to (i) take any action the Mortgagee deems necessary or desirable to prevent or cure any such default by the Mortgagor, and (ii) shall have the absolute and immediate right to enter in and upon the mortgaged premises or any part thereof to such extent and as often as the Mortgagee, in its sole discretion, deems necessary or desirable in order to prevent or to cure any such default by the Mortgagor;

(4) The Mortgagor covenants that the Mortgagor will not, without the prior written consent of the Mortgagee, enter into any sublease of all or any part of the premises covering the lease mortgaged hereby which sublease, together with any options or agreements concerning renewal or extension thereof, is for a term of five (5) years or longer and that the Mortgagee shall have a security interest in all rent, income, profits, and proceeds arising therefrom and thereto, and that, even though this document is to be self-operative in creating, perfecting, and imposing a security interest thereof, in favor of the Mortgagee, as a Secured Party, the Mortgagor, upon request of the Mortgagee, will execute and deliver to the Mortgagee, at no expense to the Mortgagee, any and all documents necessary to transfer to the Mortgagee, as security hereunder, the interest of the Mortgagor in any such sublease.

IT IS ALSO AGREED that the following provisions shall additionally apply if the mortgaged premises or any portion thereof constitutes an apartment or unit in a Horizontal Property Regime (herein HPR) or a unit in a Planned Unit Development (herein PUD):

(1) The Mortgagor grants to Mortgagee all rights and options and voting rights accruing to the Mortgagor under the terms of the Declaration and By-Laws of the Horizontal Property Regime or the Declaration of Covenants, Conditions and Restrictions of the Planned Unit Development and other documents applicable to the premises and any amendment thereof, including the Apartment or Unit Lease, if any, it being agreed and understood that at the option of the Mortgagee, in all cases where the Mortgagor has the right to exercise any options or rights as between the lessor and lessee, if leasehold, or as among the apartment or unit owners, the decision in the exercise of such rights and options shall be made solely by

the Mortgagee, and the Mortgagor, in addition to the foregoing, hereby nominates and appoints the Mortgagee (irrevocably so long as this mortgage remains in effect), the Mortgagor's proxy to vote, and the Mortgagor's agent to act, pursuant to the Declaration, By-Laws or the Declaration of Covenants, Conditions and Restrictions and other documents applicable to the premises, and any amendment thereof: failure of the Mortgagee to exercise said rights, options and voting rights shall not be construed as a waiver of the right to exercise the same; PROVIDED, HOWEVER, that so long as this Mortgage is not in default or until notice from the Mortgagee to the contrary, the Mortgagor shall exercise all such rights, options and votes, excepting rights, options and votes or other action with respect to construction plans, partition of the HPR or PUD, or the distribution of the insurance or condemnation proceeds arising upon any destruction or condemnation or amendments of said Declaration or By-Laws of the HPR or PUD and any amendment thereof, or appointment of a managing agent, if any, and all rights, options and votes which, in the sole discretion of the Mortgagee, would impair the security of this mortgage.

(2) The Mortgagor will observe and perform all of the covenants and conditions contained in any Declaration of Horizontal Property Regime or Declaration of Covenants, Conditions and Restrictions applicable thereto and on the part of the Mortgagor to be observed and performed (any such Declaration being herein referred to as the "Declaration") and shall pay all assessments and charges imposed against the Mortgagor or the apartment or unit, and will indemnify and keep indemnified the Mortgagee and its successors and assigns against all claims, demands, costs, damages, counsel fees and expenses by reason of any failure to pay said assessments or charges or breach of any covenant or condition therein contained or of this paragraph.

(3) That if the Declaration or By-Laws of said HPR or PUD provides that the Association, or unit Owners keep all buildings of the project or PUD insured against loss or damage by fire with extended coverage, and to the extent that the Mortgagee is satisfied that such provision adequately protects the interest and security of the Mortgagee, then, and in such event, the provisions hereof pertaining to fire insurance, to the extent they conflict with this paragraph, shall be inapplicable, and the Mortgagor hereby covenants with the Mortgagee that the Association of Apartment Owners established by the Declaration of Horizontal Property Regime herein mentioned or the Community Association of said Planned Unit Development (either such Association, as applicable, herein referred to as the "Association"), will at all times, while any of the indebtedness secured hereby remains unpaid, keep or cause to be kept insured all buildings and improvements now or hereafter constituting the said HPR project or PUD against such hazards as specified in either Declaration and/or By-Laws, and will pay or cause to be paid the premiums thereon at the time and place the same are payable, and true copies of such policies shall be deposited with the Mortgagee, renewal copies of such policies to be so deposited not less than ten (10) days prior to the expiration of the old policies. In the event of loss or damage to the insured premises, the Mortgagor will give immediate written notice to the Mortgagee, who may make proof of loss if not made

promptly by the Association. The proceeds of any such insurance shall be applied, subject to and in pursuance of the provisions of either Declaration and/or By-Laws (or of any Lease), to the cost of rebuilding or repairing any buildings or improvements damaged or destroyed. Nothing herein contained shall imply any permission to the Mortgagor or the Association not to observe and comply at all times with the provisions of any Lease, if applicable. If the Mortgagor obtains insurance without the Standard Mortgagee Clause attached, the Mortgagor agrees that such insurance shall be payable to an Insurance Trustee for the benefit of the Mortgagor, the Association and the Mortgagee, (and any Lessor, if applicable) as their interest may appear, or that such insurance will be in the joint names of the Mortgagor and the Mortgagee, the Insurance Trustee and the Mortgagee (and any Lessor, if applicable) without contribution as their interest may appear, and furthermore such insurance policies shall provide that they shall not be cancelled without at least ten (10) days prior written notice to the Mortgagee. If the Mortgagor shall procure any other insurance of the kind herein described, the same shall, even though not required by the Mortgagee, be made payable to and claimable only by the Mortgagee and whether so made payable or not, may be recovered by the Mortgagee in any appropriate proceeding and be so similarly applied. In the event of foreclosure of this Mortgage or other transfer of title to the premises in extinguishment of the debt secured hereby, all right, title, and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser, grantee, or assignee.

IT IS FURTHER AGREED:

That to the extent that any property covered by this Mortgage, Security Agreement and Financing Statement consists of personal property, fixtures, goods, accounts, contract rights, chattel papers, or other property that is capable of being secured under the provisions of the Uniform Commercial Code of the State of Hawaii, this Mortgage, Security Agreement and Financing Statement constitutes a Security Agreement and Financing Statement and creates and perfects and is intended to create and perfect, a security interest in such property in favor of the Mortgagee, as a Secured Party. This Mortgage, Security Agreement and Financing Statement shall be self-operative with respect to such property, but Mortgagor agrees to execute and deliver, on demand, and hereby irrevocably appoints Mortgagee, the attorney-in-fact of Mortgagor to execute, deliver, and if appropriate, to file with a filing officer, such security agreement and financing statement and other instrument as Mortgagee may request in order to impose, create, and perfect the security interest more specifically upon any of such property, in favor of the Mortgagee, as Secured Party. The Mortgagee shall have all the rights and remedies in addition to those specified herein of a secured party under the Uniform Commercial Code. The terms of this Mortgage, Security Agreement and Financing Statement shall be deemed commercially reasonable within the meaning of the Uniform Commercial Code.

That no delay or omission of the Mortgagee or of any holder of the indebtedness secured hereby to exercise any right, power, or remedy accruing upon any default or breach of the term hereof, or of any related document or documents, or in any promissory

note or obligations secured hereby, or of any document securing the payment thereof or collateral or related thereunto or executed in connection with the sums secured hereby, shall exhaust or impair any such right, power or remedy or shall be construed to waive any such default or breach or to constitute acquiescence therein. Every right, power and remedy given to Mortgagee may be exercised from time to time and as often as may be deemed expedient by Mortgagee.

That no waiver of any such default or breach hereunder shall extend to or offset any subsequent or any other default or breach of the terms hereof, or of any related document or documents, or in any promissory note or obligations secured hereby or of any document securing the payment thereof, or executed in connection with the sums secured hereby, then existing, or impair any rights, powers or remedies consequent thereon. If Mortgagee (a) grants forbearance or an extension of time for the payment of any sums secured hereby; (b) takes other or additional security for the payment thereof; (c) waives or does not exercise any right granted in the promissory note or obligations secured hereby, this Mortgage, or any other instrument securing the indebtedness secured hereby; (d) releases any part of the mortgaged property from the lien of this mortgage or otherwise change any of the terms of the promissory note or obligation secured hereby; (e) consents to the filing of any map, plat or replat of the mortgaged property; (f) consents to the granting of any easement on the mortgaged property; or (g) makes or consents to any agreement changing the terms of this Mortgage or subordinating the lien or any change hereof, no such act or omission shall release, discharge, modify, change or affect the original liability under the promissory note or obligations secured hereby, this mortgage or otherwise of Mortgagor, or any subsequent purchaser of the mortgaged property or any part thereof or any maker, co-signer, endorser, surety or guarantor. No such act or omission shall preclude Mortgagee from exercising any right, power or privilege herein granted or intended to be granted in case of any such default or breach then existing or of any subsequent default or breach thereof, nor, except as otherwise expressly provided in an instrument or instruments executed by Mortgagee, shall the lien of this Mortgage be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the mortgaged property, Mortgagee, without notice to any person, firm, or corporation, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the mortgaged property or the indebtedness secured hereby, or with reference to any of the terms or conditions hereof, as fully and to the same extent as it might deal with the original parties hereto and without in any way releasing or discharging any of the liabilities or undertakings hereunder.

That the laws of the State of Hawaii shall govern the interpretation, effect, and application of this mortgage document, and all documents evidencing the obligation, the payment, of which is secured by this mortgage document.

That until default, or unless provided otherwise herein or in any related document or documents, or until notice made by the Mortgagee to the contrary, or until action taken by the Mortgagee to enforce its rights thereto, the Mortgagor may hold the mortgaged property and receive the rents and profits thereof; that the term

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"Mortgagee" as and when used herein shall include the Mortgagee, its successors and assigns, and the term "Mortgagor" as and when used herein shall include the Mortgagor and the Mortgagor's heirs, executors, administrators, successors and assigns; that the terms "advances", "costs", and "expenses" wherever herein used shall include reasonable attorney's fees whenever incurred; that the Mortgagor shall pay all expenses connected with the drawing, execution, recording and release of this mortgage; that all covenants and agreements on the part of the Mortgagor to be observed and performed shall be joint and several if entered into by more than one; that the singular shall include the plural and vice versa; the use of the gender shall include all genders; and that these presents shall be equally binding upon and inure to the benefit of the legal representatives and successors in interest of the respective parties hereto.

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IN WITNESS WHEREOF, the Mortgagor, and if and where applicable the spouse of the Mortgagor have executed these presents the day and year first above written.



RICHARD JOHN BLANGIARDI

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STATE OF HAWAII)
CITY AND COUNTY OF HONOLULU) SS.

On this 20th day of June, 1982, before
me personally appeared RICHARD JOHN BLANGIARDI ~~and~~
_____, to me known to be the person(s) des-
cribed in and who executed the foregoing instrument and acknowledged
that he executed the same as his free act and deed.

Thomas R. Adams
Notary Public, First Judicial
Circuit, State of Hawaii

My commission expires: 6-29-85

EXHIBIT "A"

FIRST: All of that certain real property situate at Kamananui, Waialua, City and County of Honolulu, State of Hawaii, described as follows:

Apartment No. 101 of that certain Condominium Project known as "MOKULEIA SURF", as shown on Condominium File Plan No. 328, as amended, filed in the Bureau of Conveyances of the State of Hawaii (herein the "Bureau") on December 28, 1973.

Together with all non-exclusive easements appurtenant to said apartment in the common elements, the limited common elements, and in all other apartments in said Condominium Project, as provided in the Declaration of Horizontal Property Regime dated November 7, 1973, recorded in the Bureau in Book 9668, page 161; as amended by instruments dated May 22, 1974 and December 6, 1974, recorded in the Bureau in Book 10014, page 501, and Book 10308, page 517, respectively (herein collectively the "Declaration"), and/or as delineated on said Condominium File Plan No. 328, as amended, and/or as contained in that certain Deed of Apartments described below.

Together, also, with an exclusive easement to use Parking Space No. 1, as designated on said Condominium File Plan No. 328, as amended.

SECOND: An undivided 8.10 percentage interest in the land described below, and in all of the other common elements of said Condominium Project, as declared and established by the Declaration.

Together with all non-exclusive easements appurtenant to the common elements in the limited common elements, and in all other apartments in said Condominium Project, as provided in the Declaration, and/or as delineated on said Condominium File Plan No. 328, as amended, and/or as contained in said Deed of Apartments.

SUBJECT, as to FIRST AND SECOND, to all exclusive and non-exclusive easements appurtenant to the common elements, the limited common elements, and to all other apartments in said Condominium Project.

The land upon which said Condominium Project is situated is described in the Declaration, which description is incorporated by reference in accordance with §514A-17, H.R.S., as amended, as if fully set forth herein.

Being all of the real property described in that certain Deed dated _____, 19____, and recorded as aforesaid in Book _____, page _____.

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SUBJECT, HOWEVER, to the following:

1. The covenants, agreements, obligations, conditions, easements and other provisions set forth in that certain Declaration of Horizontal Property Regime described above (Condominium File Plan No. 328, as amended) and the By-Laws attached thereto, as amended.

2. The terms, provisions, covenants, easements and reservations of that certain Deed of Apartments described above.

SUBJECT, FURTHER, as to the common elements as follows:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. A 20-foot Setback Line for road widening, as delineated on File Plan No. 863.

3. The restrictive covenants as contained in that certain Deed dated October 9, 1973, recorded in the Bureau In Book 9544, page 370.